



Utah Counties Insurance Pool

AGENDA

BOARD OF TRUSTEES MEETING

Friday, June 2, 2006, 12:00 p.m.
The Lodge at Stillwater (Jordanelle Park)
1364 West Stillwater Drive, Heber City

12:00 Lunch Provided

Call to Order & Welcome New Trustee

Dan McConkie

Review of Board Members Absent

Dan McConkie

Approval of April 18 Meeting Minutes

Dan McConkie

ITEM INFORMATION

1 Final Audit Report and Cash v. Accrual Accounting Comparison

Geri Douglas

2 Chief Executive Officer's Report

Lester Nixon

3 Discuss "On Call" and Related Personal Use of County Vehicles

Lester Nixon
Kent Sundberg

ACTION

4 Accept 2005 Audit as Presented by Larson & Company

Dan McConkie

5 Accept 12/31/2005 Loss Reserve Analysis as Prepared by BYNAC

Lester Nixon

6 Approve Changes to the UCIP Employment Policies and Procedures Manual

Lester Nixon

7 Approve Corrected Liability Limits Page of 2006 Coverage Agreement

Lester Nixon

8 Approve Amended Interlocal Cooperation Agreement for Presentation to Members for Approval

Lester Nixon

9 Set Date and Time for Closed Meeting
to Discuss Pending or Reasonably Imminent Litigation

Dan McConkie

10 Action on Litigation Matters

Kent Sundberg

11 Set Date and Time for Closed Meeting
to Discuss Character, Professional Competence, Physical/Mental Health of an Individual

Dan McConkie

12 Ratification and Approval of Payments and Credit Card Transactions

Gene Roundy

Other Business

Next Meeting



Utah Counties Insurance Pool
Serving Counties Since 1992

BOARD OF TRUSTEES MEETING

M I N U T E S

June 2, 2006, 12:00 p.m.
Lodge at Stillwater, Wasatch County, Utah

BOARD MEMBERS PRESENT

Dan McConkie, *President*, Davis County Commissioner
Lynn Lemon, *Vice President*, Cache County Executive
Gene Roundy, *Secretary-Treasurer*, Iron County Commissioner
Steve Baker, Davis County Personnel Director
Ken Bischoff, Weber County Commissioner
Kay Blackwell, Piute County Commissioner
Jim Eardley, Washington County Commissioner
Jerry Grover, Utah County Commissioner
Ira Hatch, Emery County Commissioner
Karla Johnson, Kane County Clerk-Auditor
Jim Nyland, Grand County Sheriff
Kent Sundberg, Utah County Deputy Attorney
Steve Wall, Sevier County Clerk-Auditor

MEMBERS PRESENT

Dave Haslem, Uintah County Commissioner

OTHERS PRESENT

Lester Nixon, Chief Executive Officer
Sonya White, Manager of Administration
Mark Brady, Loss Control Manager

Call to Order

The Board of Trustees of the Utah Counties Insurance Pool held its June 2, 2006 meeting in conjunction with its Board Retreat. At 9:15 a.m. Dan McConkie called the Board meeting to order prior to the arrival of Jerry Grover. Board business was conducted until the arrival of scheduled speakers for the Retreat.

Welcome New Trustee

Dan McConkie introduced Jim Nyland, Grand County Sheriff and newest member appointed by the Board to Chair the Law Enforcement Committee, and welcomed him to the meeting. Jim has been the Sheriff of Grand County for 28 years and is happy to be of service to the Counties Insurance Pool.

Approval of April 18 Minutes

The minutes of the Board of Trustees meeting held April 18, 2006 were previously sent to the Board of Trustees for review. Steve Wall recommended that on page 2, Report of Independent Audit, the second paragraph read: *No building equity is included in the total assets because a settlement with the Utah Association of Counties has not been finalized as of December 31.* Steve Wall recommended that on page 3, Chief Executive Officer's Report, the fourth paragraph read: *The recommendations discussed are: 1) create a statewide uniform levy to fund the catastrophe fund; 2) use the State's Board of Examiners to adjudicate claims; and 3) a catastrophe fund should provide for equity and limit attorney fees.* Lynn Lemon made a motion to approve the April 18, 2006 Board meeting minutes as corrected. Kay Blackwell seconded the motion, which passed unanimously.

Final Audit Report and Cash Basis Versus Accrual Accounting Comparison

Lester Nixon explained that Geri Douglas, Larson & Company, was unavailable to report to the Board today but has provided the Board with the Year Ending 2005 Audit Report (see attachment #1). The changes recommended by the Board at its April 18 meeting have been incorporated into the final audit. Page 11 shows the line item *Underwriting Expenses* instead of *Benefits* and the Loss Control Program credit has been added to the Workers' Compensation column on page 26. The Management Letter (see attachment #2) provides the Pool with the auditors' recommendations to certain matters found during the course of the audit. A State legal compliance finding, as discussed in April, was that losses exceeded the budget. Lester will be writing a letter to the State Auditor explaining why the Pool exceeded its budget for losses. He has also been discussing this matter with Phil Bell, County Reinsurance Limited, who made recommendations for budgeting loss reserves. Larson & Company recommended that the in-house, cash basis, prepared quarterly financial reports include accrual adjustments for reserves. This will provide the Pool with early recognition of the amount being paid out in losses. Also recommended was the handling of checks to reduce fraud. With a small office, Sonya White was printing checks and mailing them after Board members and/or Lester signed them. Shelley Peck is now mailing the checks as a third person to verify the expenses. Sonya would prepare the deposits and take them to the bank. Lester is now taking the prepared deposits to the bank. The Pool is nightly backing up its files as part of a Disaster Recovery Plan. Records are being kept offsite. The Pool has implemented all the recommendations made by Larson & Company for the 2004 Audit.

The State Auditor classifies the Pool as a Special District. Although the Pool has provided its incorporation documents and had several discussions with the State Auditor's Office, they feel the Pool is best classified as a Special District. Kent Sundberg will research and clarify any special requirements for this classification.

Chief Executive Officer's Report

Lester Nixon provided the Board with a copy of his written report (see attachment #3) and provided the following information: 1) training opportunities; 2) marketing efforts in which Washington County accepted UCIP's proposal for workers' compensation coverage, to be effective June 1, and Bear River Health Department accepted UCIP's proposal for workers' compensation coverage, to be effective July 1; 3) County Reinsurance Limited will have property insurance available/effective July 1 but rates may not be competitive the first year for non-catastrophe states; 4) County visits were made to Carbon, Grand and Wasatch Counties; and 5) A meeting with the State Risk Manager will be held on July 7 to draft a proposal regarding the local government catastrophe fund.

Call to Recess

At 10:45 a.m., Lynn Lemon made a motion to recess the Board of Trustees Meeting to continue with the scheduled Board Retreat. Kay Blackwell seconded the motion, which passed unanimously.

At 12:50 p.m. (following the conclusion of the Board Retreat and lunch), Ken Bischoff made a motion to reconvene the Board of Trustees Meeting. Steve Wall seconded the motion, which passed unanimously.

Review of Board Members Absent

All Trustees were in attendance.

Discuss "On Call" and Related Personal Use of County Vehicles

Lester Nixon reported that he and Kent Sundberg have discussed the issue of "on call" and related personal use of county vehicles with the Litigation Management Committee and with the Sheriffs at their last two Association meetings. Utah Code Section 63-30d-802(1) states that government vehicles operated by employees outside the scope of employment are not provided the limits of the Utah Governmental Immunity Act but the limits set forth in Section 31A-22-304 which are \$25,000 per person bodily injury, \$50,000 per accident bodily injury and \$15,000 property damage (see attachment #4). The Pool could adopt a policy to use these lower limits in the event an employee is involved in an accident with a county owned vehicle during personal use. The employee's personal insurance would be secondary once these limits were met. In speaking with the Sheriffs, some allow "on call"/personal use of county owned vehicles because they like having a presence in the community even if the deputy is transporting passengers (an example was given of a deputy involved

in an accident while driving his children to a baseball game). Sheriff Jim Nyland explained that Grand County does not allow their deputies to use county vehicles on an "on call" basis or for personal use due to the liability risk and because fuel is so costly. Jerry Grover said that in theory, if the deputy is "on call" he must respond immediately to any situation but would be unable to if he/she were driving family/friends around. Lester said that Washington County has restricted its drivers to official business only. Millard County has no restrictions. Utah Risk Management Mutual Association (URMMA) has incorporated a two-tier vehicle rate in their program for members who allow employees to use vehicles on a personal basis. Lester recommended that the Litigation Management Committee draft a policy for "on call" and related personal use of county vehicles for the Sheriffs to review and present to the Board for approval.

Accept 2005 Audit as Presented by Larson & Company

Dan McConkie requested Board acceptance of the unqualified audit of UCIP's financial activities for calendar year 2005. This is the third audit conducted by Larson & Company since the Pool ended the administrative agreement with the Utah Association of Counties. Gene Roundy made a motion to accept the 2005 Audit conducted by Larson & Company. Ken Bischoff seconded the motion, which passed unanimously.

Accept 12/31/05 Loss Reserve Analysis as Prepared by BYNAC (By The Numbers Actuarial Consulting

Lester Nixon reported that the Board, during its Retreat on June 1, was presented the loss reserve analysis for the Multiline and Workers' Compensation Pools by Jeff McSweeney and Lisa Dennison (see attachments #5 and #6). This is the third year the actuarial analysis has been conducted by BYNAC. Lynn Lemon made a motion to accept the Multiline analysis and Workers' Compensation analysis as presented by BYNAC. Gene Roundy seconded the motion, which passed unanimously.

Approve Changes to the UCIP Employment Policies and Procedures Manual

Lester Nixon explained that the UCIP Employment Policies and Procedures Manual was not updated with the hire of the Safety Specialist. As approved by the Board, the Safety Specialist is provided a vehicle as part of his/her compensation package. Also, reference to "Director" needs to be updated to "Chief Executive Officer". Staff recommends that Section IV Benefits, Part J Travel for UCIP Business, Paragraph 3 read: *An automobile is provided to the ~~Director~~ Chief Executive Officer, and the Loss Control Manager, and the Safety Specialist as part of the benefits package. Expenses for the use of automobiles are paid by the Pool, except gasoline for personal, out of state use.* Kay Blackwell made a motion to approve the changes to the UCIP Employment Policies and Procedures Manual as presented. Jim Eardley seconded the motion, which passed unanimously.

Approve Corrected Liability Limits Page of 2006 Coverage Agreement

Lester Nixon reported that incorrect aggregate limits were printed on the Liability Limits page of the 2006 Coverage Agreement (see attachment #7). The aggregate limits are \$2,250,000 not \$3,250,000. Steve Baker made a motion to approve the corrections to the Liability Limits page of the 2006 Coverage Agreement. Gene Roundy seconded the motion, which passed unanimously. The corrected page will be sent to each member to replace in their 2006 Coverage Agreement binder.

Approve Amended Interlocal Cooperation Agreement for Presentation to Members for Approval

Lester Nixon reviewed the proposed updates to the Amended Interlocal Cooperation Agreement with the Board (see attachment #8). Section 5, Board of Trustees, is being updated to concur with the Utah Counties Insurance Pool Bylaws. Also, updates referencing the correct and legal name of the Pool are proposed. Lynn Lemon made a motion to approve the updates to the Amended Interlocal Cooperation Agreement for each Member's approval. Ken Bischoff seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

Kent Sundberg made a motion to strike the agenda item: Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation. Lynn Lemon seconded the motion, which passed unanimously.

Action on Litigation Matters

Kent Sundberg made a motion to strike the agenda item: Action on Litigation Matters. Lynn Lemon seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

Kent Sundberg made a motion to strike the agenda item: Set Date and Time for Closed Meeting to Discuss Character, Professional Competence and/or Physical/Mental Health of an Individual. Lynn Lemon seconded the motion, which passed unanimously.

Ratification and Approval of Payments and Credit Card Transactions

Gene Roundy reviewed the payments made, payments to be made (see attachment #9) and credit card transactions with the Board. Gene Roundy made a motion to approve the payments made, payments to be made and credit card transactions. Jim Eardley seconded the motion, which passed unanimously.

Other Business

Lester Nixon provided the Board with an article from captive.com, The Business to Business Risk and Insurance Exchange, discussing the need for a more global, holistic approach in preparing for a potential avian flu epidemic (see attachment #10).

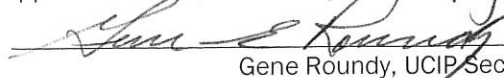
Lester suggested, with the Board's approval, that the Annual Membership Meeting, scheduled for November 30, be a kickoff to UCIP's 15th Anniversary with dinner, a band and dancing following the meeting. The Board approved the event.

Dan McConkie welcomed Uintah County Commissioner, Dave Haslem, to the meeting. Dave explained that he has had discussions with Dan and Lester Nixon regarding newly formed special service districts and appreciates the opportunity to present a request, for the Board's consideration, to provide insurance coverage to these districts. The districts are being created under Section 17a-2-101 of the Utah Code. The Pool's Policy: *Insurance Coverage for Special Service Districts, Children's Justice Centers, and Other Entities*, has been reviewed by and explained to Dave. Uintah County Commissioners will not be approving and/or appointing 50% or more of the governing body of the newly created districts. The Commissioners will appropriate 50% or more of the funding but will not have authority to hire and terminate the employees of the districts. Lynn Lemon explained that without these controls the districts would not qualify for coverage under the UCIP policy. The UCIP Policy also addresses special service districts created for the purpose of passing through Mineral Lease Payments received by the State under the Mineral Lands Leasing Act (30 U.S.C., Section 191). Dave explained that once a district is formed, using mineral lease monies, the Commission does not have authority over it. Dave realizes that, when formed, the Commission can create the policies governing the district but most often there is a timing issue with mineral lease monies. Jerry Grover explained that the Board has adopted a policy in an effort to cover districts, under its member county owned insurance pool, but only if there is a majority of county control. Dave said that Uintah County is advertising next week for the districts and will be creating the districts whether or not the Board allows coverage. Since this request is not on the agenda, Dan explained that the Board is unable to make a coverage decision today. Kent Sundberg directed UCIP staff to review the criteria and the creation documents of the county special service districts and report to the Board at its next meeting.

Board Members asked Lester Nixon if an equity check has been received by UCIP from the Utah Association of Counties (UAC). Lester reported that the monies have not been received. UAC is conducting its Board of Directors Meeting in Richfield on June 22. Dan McConkie will address the issue with the UAC Board.

The next meeting of the Board of Trustees is tentatively scheduled for August 24, 6:30 p.m., in conjunction with the Certificate in Risk Management Program Training, in Cedar City.

Approved on this 22 day of August 2006


Gene Roundy, UCIP Secretary-Treasurer

CEO REPORT

Report Date: June 2, 2006

Period covered by report: from April 18, 2006 to June 2, 2006

BOARD INFORMATION ITEMS

1. PRIMA Conference is in Las Vegas June 11-14.
2. The AGRIP Fall Governance Conference in New York City is October 9-11.
3. RIMS offers its technical workshops throughout the year. Consult rims.org for information and schedules.
4. The Spring 2007 AGRIP Meeting will be in San Diego, March 12-14.

TRAINING

1. Personnel Workshop was held May 18-19.
2. Risk Management Certification training is scheduled for August 22-24 in Cedar City.

MARKETING

1. Workers' Compensation proposals delivered to Washington County and Bear River Health.

COUNTY REINSURANCE LIMITED

1. CRL will begin providing property reinsurance to its members on July 1. I believe they will have difficulty being competitive this first year, particularly to non-catastrophe states such as the Intermountain states.

ACTIVITIES

1. Attended the Wasatch County Employee Safety Recognition on May 11.
2. Trustee orientation provided to Sheriff Nyland on May 16.
3. Presented Risk Management and Loss Control "check" to Carbon County Commission on May 17.

LEGISLATION

1. We will be meeting with the State Risk Manager on June 7 to draft the proposal to the interim committee regarding the local government catastrophe fund.

SHERIFF'S OFFICES' USE OF VEHICLES NOT IN COURSE AND SCOPE OF DUTY

The discussion has two elements:

1. Reduction of limits because of off-duty use
2. Definition of "off duty", e. g.
 - a. Varying degrees of "on call" status, restrictions, pay
 - b. Individual deputy's perception of "on call"

Proceeding, I would like to take this discussion back to the Litigation Management Committee to consider a draft policy. Following that discussion, I would take the draft from Litigation Management to the Sheriff's Association for discussion, and, finally, back to the Board of Trustees.

63-30d-802. Insurance -- Liability insurance -- Government vehicles operated by employees outside scope of employment.

(1) A governmental entity that owns vehicles driven by an employee of the governmental entity with the express or implied consent of the entity, but which, at the time liability is incurred as a result of an automobile accident, is not being driven and used within the course and scope of the driver's employment is, subject to Subsection (2), considered to provide the driver with the insurance coverage required by Title 41, Chapter 12a, Financial Responsibility of Motor Vehicle Owners and Operators Act.

(2) The liability coverages considered provided are the minimum limits under Section **31A-22-304**.

31A-22-304. Motor vehicle liability policy minimum limits.

Policies containing motor vehicle liability coverage may not limit the insurer's liability under that coverage below the following:

(1) (a) \$25,000 because of liability for bodily injury to or death of one person, arising out of the use of a motor vehicle in any one accident;

(b) subject to the limit for one person in Subsection (a), in the amount of \$50,000 because of liability for bodily injury to or death of two or more persons arising out of the use of a motor vehicle in any one accident; and

(c) in the amount of \$15,000 because of liability for injury to, or destruction of, property of others arising out of the use of a motor vehicle in any one accident; or

(2) \$65,000 in any one accident whether arising from bodily injury to or the death of others, or from destruction of, or damage to, the property of others.

AGENDA ITEM SUMMARY

Item Description

Accept the audit for the year ending December 31, 2005 as presented by Larson and Co.

Background, Discussion

Larson has presented an unqualified audit of UCIP's financial activities for CY 2005. This is the third audit of UCIP done by Larson since the Pool ended the administration agreement with UAC.

Recommendation

Staff recommends acceptance of the report.

AGENDA ITEM SUMMARY

Item Description

Accept the reserve analysis for the year ending December 31, 2005 as presented by By the Numbers Actuary for the Multiline Program and the Workers' Compensation Program

Background, Discussion

BYNAC has presented the attached analyses of the multiline and workers' compensation programs as presented by Lisa Dennison and Jeff McSweeney on June 1. This is the third year for BYNAC to work for UCIP.

Recommendation

Staff recommends acceptance of the loss reserve analyses.

AGENDA ITEM SUMMARY

Item Description

Approve revision to the UCIP Employment Policies and Procedures Manual

Background, Discussion

The Manual was not updated after the hire of the Safety Specialist who is provided an automobile as part of the benefit package. The language should also be updated to reflect change in title of the Director.

To correct this, Staff recommends that Section IV Benefits, Part J. Travel for UCIP Business, Paragraph 3. UCIP Automobiles, have new language added, as follows:

“An automobile is provided to the ~~Director~~ **Chief Executive Officer**, and the Loss Control Manager, **and the Safety Specialist** as part of the benefit package. Expenses for the use of the automobiles are paid by the Pool, except gasoline for personal, out of state use.”

Recommendation

Staff recommends approval.

3. LIABILITY

Coverage:	Third-party liability including Bodily Injury, Property Damage and Personal Injury. Subject to Utah Governmental Immunities Act (See Endorsement 2)	
Form:	Occurrence except for Public Officials Liability which is claims-made	
Coverage Parts	Limit	Terms
General Liability:	\$2,250,000 \$3,250,000 2,250,000	Per Occurrence Aggregate per Member
Law Enforcement Liability:	\$2,250,000 \$3,250,000 2,250,000	Per Occurrence Aggregate per Member
Employee Benefits Liability:	\$2,250,000 \$3,250,000 2,250,000	Per Occurrence Aggregate per Member
Automobile Liability:	\$2,250,000	Per Occurrence
Public Officials Liability:	\$2,250,000 \$2,250,000	Per Occurrence Aggregate per Member
Herbicide and Pesticide Application	\$50,000	Per Occurrence
Limited Professional Health Care Services	\$2,250,000 (See Endorsement 4)	
Terrorism:	\$50,000 \$100,000 \$300,000	Per Occurrence Aggregate per Member Annual Aggregate
Major Liability Exclusions:	Pollution/Contamination/Asbestos/Lead Medical Malpractice (except Limited Professional Health Care Services per Endorsement 4) Failure to Maintain or Supply water, gas, electric Watercraft (over 26 feet in length)	

STRIKETHROUGH COPY

AMENDED INTERLOCAL COOPERATION AGREEMENT

THIS IS AN INTERLOCAL COOPERATION AGREEMENT, made and entered into by and between members of Utah ~~Association of Counties Insurance Mutual Pool~~, a political subdivision of the State of Utah, each of which hereby agrees to abide by the terms and conditions of this Amended Agreement and all actions taken pursuant hereto.

WITNESSETH:

WHEREAS, pursuant to the provisions of the Interlocal Cooperation Act, Utah Code Ann. §11-13-101 et. seq. (2003), the Governmental Immunity Act, § 63-30-1 et. seq. (2003) and the Utah Insurance Code, Utah Code Ann. § 31A-1-103 (2003), public agencies, including political subdivisions of the State of Utah as therein defined, are authorized to enter into written agreements with one another for joint or cooperative action to establish a public agency insurance mutual; and

WHEREAS, the governing bodies of counties located in the State of Utah, by establishing and entering into an Interlocal Cooperation Agreement, formed Utah ~~Association of Counties Insurance Mutual Pool~~ as a public agency insurance mutual: and

WHEREAS, the members of Utah ~~Association of Counties Insurance Mutual Pool~~ now desire to amend that Interlocal Cooperation Agreement;

NOW, THEREFORE, the parties do mutually agree as follows:

Section 1. EFFECTIVE DATE; DURATION.

This Amended Interlocal Cooperation Agreement shall become effective and shall enter into force, within the meaning of the Interlocal Cooperation Act, upon the submission of this Amended Interlocal Cooperation Agreement to, and the approval and execution hereof by Resolution of the governing bodies of each of the parties. The term of this Amended Interlocal Cooperation Agreement shall be fifty (50) years, pursuant to Utah Code Ann. §11-13-204 (2003), unless renewed as permitted by law, or until earlier dissolved as provided herein.

Section 2. CREATION OF A SEPARATE LEGAL ENTITY.

The parties to this agreement through their respective governing bodies and pursuant to the provisions of Utah Code Ann. §11-13-203 (2003), hereby create a legal entity to be known as Utah Counties Insurance Pool to provide the services described herein.

Section 3. PURPOSES.

This Amended Interlocal Cooperation Agreement has been established and

entered into between the members of Utah Counties Insurance Pool (herein referred to as the Pool) for the following purposes:

1. To comply with the Utah Insurance Code and other applicable laws of the State of Utah;
2. To ratify the previous formation of a group-funded Pool to fund through joint self-insurance, reinsurance, excess insurance, or other lawful manner, certain liabilities of member Utah counties, as permitted by the Utah Insurance Code and determined by the Board, with the powers set forth in the Amended Bylaws;
3. To provide, through the Pool, certain claims and risk management services related to the liabilities so funded, and assist members in reducing and preventing such liabilities; and
4. To provide other services and functions as permitted by law and the Amended Articles of Incorporation of the Pool.

Section 4. MEMBERS.

Membership in the Pool is limited to Utah counties. Members shall have the power to:

1. Elect Trustees;
2. Remove any Trustee from the Board by a two-thirds vote of the members present at a meeting;
3. Voluntarily dissolve the Pool, but only at a meeting at which a majority of all members, whether present at the meeting or not, vote in favor of the dissolution; and
4. Amend the Bylaws or the Articles of Incorporation by a two-thirds vote of the members present at a meeting.

Section 5. BOARD OF TRUSTEES.

The Pool shall be governed by a Board of Trustees. The Trustees shall be elected by the members, shall serve at the pleasure of the members and may be removed by the members in accordance with the Bylaws.

1. The Board shall be comprised of ~~twelve~~ thirteen persons in the following manner:

- a. One Trustee, appointed by the governing body of Davis County, representing Davis County;
- b. One Trustee, appointed by the governing body of Utah County, representing Utah County;
- c. One Trustee, appointed by the governing body of Washington County, representing Washington County;
- d. One Trustee, appointed by the governing body of Weber County, representing Weber County;
- e. Two Trustees, elected by member counties of the third class, representing Counties of the third class;
- f. One Trustee, elected by member counties of the fourth class, representing counties of the fourth class;
- g. One Trustee, elected by member counties of the fifth and sixth class, representing Counties of the fifth and sixth class;
- h. Two Trustees, elected by all member counties, representing all counties at large;
- i. One Trustee, appointed by the Board, shall be a sheriff of a member county, who serves as the Chair of the Law Enforcement Committee, ~~appointed by the Board~~;
- j. One Trustee, appointed by the Board, shall be the Chair of the Litigation Management Committee ~~appointed by the Board~~;
- k. One Trustee, appointed by the Board, shall be the Chair of the Personnel Committee ~~appointed by the Board~~.

Trustees serving pursuant to subsections ~~(de)~~-(gh) shall be Designated as "Elected Trustees" and serve two-year overlapping terms. Trustees serving pursuant to subsections (a)-(ed) shall serve for two-year terms. Trustees serving pursuant to subsections (hi)-(jk) shall serve for two-year terms and may be reappointed to subsequent terms by the Board.

2. Each Trustee shall be an elected or appointed officer or an employee of a Member.
3. Election of Trustees shall take place at the annual meeting of the Members. Elected Trustees shall assume office at the first Board meeting

of the calendar year following their election.

4. Powers of the Board:

- a. Delegate, by resolution adopted at a meeting of the Trustees and specifically defined in the written minutes of the Trustees' meetings, authority for specific functions to the ~~Director~~ Chief Executive Officer, but only to the extent permitted by the laws of the State of Utah and these Bylaws.
- b. Establish premiums, pursuant to guidelines adopted by the Board from time to time.
- c. Serve as the policyholder of any group policies or plans.
- d. Determine the methods of claim administration and payment; provide for claim experience for the Members collectively or separately; and establish claim procedures and conditions to be met prior to the payment or defense of a claim.
- e. Jointly self-insure or obtain reinsurance or excess insurance (specific or aggregate), or any combination thereof, or otherwise provide for the funding of coverages and adopt and adjust coverages provided by or through the Pool, as the Board deems appropriate.
- f. Establish employment policies for the employees of the Pool including but not limited to policies, salaries and benefits.
- g. Provide for the administration of the moneys of the Pool, for the manner of payments to the Pool, and for payment of all expenses of the Pool; establish standards for the accountability of all receipts and disbursements of the Pool; and establish procedures for safekeeping, handling, and investing such monies received or paid.
- h. Acquire, lease, hold, and dispose of real and personal property.
- i. Exercise the full power and authority of any Member of the Pool when requested to do so by the Member's governing body.
- j. Provide for necessary activities, and enter into contracts as necessary or appropriate to accomplish the purposes of the Pool.
- k. Do any act permitted by law and not in conflict with these Bylaws, the Agreement, or the Amended Articles of Incorporation of the Pool.

- l. Provide for an independent audit of claim handling procedures, payments, and overall operations of the Pool, at such times as the Board may determine.
- m. Establish loss reduction, prevention and risk management policies, procedures, and requirements for Members of the Pool and provide risk management services and educational and other programs related to risk management.
- n. Appoint committees from time to time, as the Board considers appropriate.
- o. Formally appoint the Chair of the Law Enforcement Committee, Litigation Management Committee and Personnel Committee.
- p. Approve a list of attorneys or law firms authorized to represent Members in claims covered by or through the Pool.
- q. Obtain the services of agents, attorneys, brokers, consultants, employees, and service providers as necessary or appropriate for the operation of the Pool.
- r. Exercise all powers of the Pool except those powers reserved to the Members, and all powers necessary and proper for the operation of the Pool and implementation of the Pool, subject to the limits of the Agreement, the Amended Articles of Incorporation, Bylaws, and the Code. The Board is responsible for all operations of the Pool.

Section 6. OFFICERS.

The Board of Trustees shall elect and establish the duties of officers of the Pool in accordance with Utah law, the Amended Bylaws, and the Amended Articles of Incorporation.

Section 7. COMMITTEES.

The Board of Trustees may establish from time to time such committees as shall be deemed appropriate by said Board.

Section 8. MANNER OF FINANCING.

Utah Counties Insurance Pool shall be funded by contributions from the members; the amount of such contributions shall be established by the Board of

Trustees and consistent with the Utah Insurance Code.

All monies of the Pool, and earnings thereon, shall be held in the name of and for the use and benefit of the Pool. The Board of Trustees shall prepare an annual budget consistent with Utah Code Ann. 17A-1-408 et. seq.

Utah Counties Insurance Pool is not assessable.

Section 9. PROPERTY USED IN COOPERATIVE UNDERTAKING.

Any real or personal property acquired, held, and used pursuant to this cooperative undertaking shall be administered and controlled by the Board of Trustees established in Section 5 hereof. Any disposition of said real or personal property shall also be administered and controlled by said Board of Trustees, pursuant to the terms of this Agreement.

The provisions of this Amended Agreement and the assets of the Pool are for the benefit of the members of the Pool only, and no other persons or entities shall have any rights or interest in this Agreement or in any of the other documents referred to herein or in any such assets, as a third party beneficiary or otherwise. The assets of the Pool shall not be subject to attachment, garnishment, or any equitable proceeding.

In the event of a voluntary dissolution of the Pool, as provided in Section 4 hereof, the property of the Pool not used or needed for the purposes of the Pool, including its contractual obligations, shall be distributed, as determined by the Board, only to Utah counties which are members of the Pool at the time of dissolution. Such dissolution shall be handled as provided in Section 12

Section. 10. ADDITION OF OTHER MEMBERS.

Other counties may become parties to this Amended Interlocal Cooperation Agreement, subject to the approval of the Board of Trustees, by executing an Addendum to this Agreement. In order for a county to be added to this Agreement by Addendum, the Addendum must be approved by the governing body of the county to be added and the Addendum must be reviewed and approved for form and compatibility with the laws of the State of Utah by the attorney for the county to be added. Prior to becoming effective, this Amended Interlocal Cooperation Agreement and the Addendum shall be filed with the person who keeps the records of the public agency being added to this Agreement.

Section 11. TERMINATION OF PARTICIPATION.

Any Member may withdraw from the Pool, at the end of a coverage period after giving the Board timely written notice of such withdrawal, pursuant to a

resolution of the Member's governing body. Timely written notice of such withdrawal must be provided to the Board no later than 120 days prior to the date the Member's coverage would otherwise renew. The Board shall consider a timely written notice of withdrawal to be a final decision unless the notice is withdrawn by the Member 90 days prior to the date the Member's coverage would otherwise renew. The Board may, by a three-fourths vote and at its sole discretion, agree to permit an earlier date of withdrawal.

A withdrawn member shall lose all voting rights upon the effective date of withdrawal. Any claim of title or interest to any asset of the Pool, and any continuing obligation of the Pool to the member or of the member to the Pool, after the effective date of the member's withdrawal, shall end.

A member shall lose all voting rights upon termination of its membership. The terminating member shall lose any claim of title or interest to any asset of the Pool, and any continuing obligation of the Pool to the member or of the member to the Pool, after the termination of membership, shall end.

Section 12. DISSOLUTION AND DISPOSITION OF PROPERTY.

The Pool may be dissolved by a majority of the Members voting in favor of dissolution at a meeting. In the event of voluntary dissolution of the Pool, the assets of the Pool not used or needed for the purposes of the Pool, including its contractual obligations shall be distributed, as determined by the Board, only to Utah counties, which are Members of the Pool at the time of dissolution.

Upon partial or complete dissolution of the Pool by the Members, the Trustees shall determine all other matters relating to the disposition of property and dissolution of the Pool by a two-thirds vote of all Trustees.

Each member's interest in the property of the Pool shall be calculated as follows:

1. The sum of the contributions for all fund years for which the member was a participant in the Pool divided by all contributions received by the Pool during its life, is the ratio used to calculate interest in Pool property other than equity, which is defined for these purposes as cash or cash equivalent assets of the Pool.
2. For equity calculation, the ratio of each member's contributions to the total contributions shall be computed for each fund year. The member's contribution ratio shall then be multiplied by the total surplus, less any borrowed surplus, attributable to a fund year as stated in the most recent monthly financial statement. A member's total equity will be the sum of the yearly amounts for each fund year for which that member was a participating member in the Pool.

3. In the event that the surplus amount is a negative number, a member's equity will be decreased using the same method of calculation as above.
4. In the event of a voluntary withdrawal or an involuntary termination of membership, the withdrawn or terminated member shall lose and have no claim to any Pool property or assets. The property interest or equity formerly attributed to that member for each fund year shall be allocated to the remaining counties that were members during that year.

The Board shall serve as trustees for the disposition of property or funds, payment of obligations, dissolution and winding up of the affairs of the Pool.

Section 13. INDEMNIFICATION.

It is the intent of the Pool to provide the broadest possible immunity from personal liability to each trustee, officer, and employee of the Pool allowed by applicable laws of the State of Utah including, but not limited to, the Utah Governmental Immunity Act, the Utah Non-Profit Corporation and Co-operative Association Act and the Utah Insurance Code, as amended from time to time. The Pool shall defend and indemnify the trustees, officers and employees of the Pool against any and all expense, including attorney fees and liability expenses, sustained by them or any of them in connection with any suit or suits which may be brought against them involving or pertaining to any of their acts or duties to the fullest extent allowed by the laws of the State of Utah.

The Pool shall purchase liability or other appropriate insurance providing coverage for the trustees, officers and employees of the Pool. Nothing herein shall be deemed to prevent compromises of any litigation where the compromise is deemed advisable in order to prevent greater expense or cost in the defense or prosecution of such litigation.

Neither this Amended Agreement nor any action of the governing body of a county in adopting this Amended Agreement is intended to nor do they waive, nor shall they be construed as waiving, any immunity or limitation on liability provided to the members or their officers or employees by any law, including but not limited to any such immunity or limitation appearing in the Utah Governmental Immunity Act, and amendments thereto.

Section 14. FILING OF INTERLOCAL COOPERATION AGREEMENT.

Executed copies of this Amended Interlocal Cooperation Agreement shall be placed on file in the office of the County Clerk of each of the Members to this Amended Agreement, and shall remain on file for public inspection during the term of this Interlocal Cooperation Agreement.

Section 15. AMENDMENTS.

This Interlocal Cooperation Agreement may not be amended, changed, modified or altered except by an instrument in writing which shall be (a) approved by Resolution of the governing body of each of the parties, (b) executed by a duly authorized official of each of the parties, (c) submitted to and reviewed by an Authorized Attorney of each of the parties, as required by Utah Code Ann. §11-13-202.5(3) (2003), and (d) filed in the official records of each party.

Section 16. SEVERABILITY.

If any term or provision of the Amended Interlocal Cooperation Agreement or the application thereof shall to any extent be invalid or unenforceable, the remainder of this Amended Interlocal Cooperation Agreement, or the application of such term or provision to circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and shall be enforced to the extent permitted by law. To the extent permitted by applicable law, the parties hereby waive any provision of law, which would render any of the terms of this Amended Interlocal Cooperation Agreement unenforceable.

Section 17. GOVERNING LAW.

All questions with respect to the construction of this Amended Interlocal Cooperation Agreement, and the rights and liability of the parties hereto, shall be governed by the laws of the State of Utah.

Section 18. EXECUTION BY COUNTERPART.

This Amended Agreement may be executed in counterparts. The original of each executed Agreement shall be filed with the Pool.

IN WITNESS WHEREOF, the parties have signed and executed this Amended Interlocal Cooperation Agreement, after resolutions duly and lawfully passed, on the dates listed below:

Dated this ____ day of _____, 200__.

BOARD OF COUNTY «FORM»
«COUNTY»

By: _____
«CHAIR»,
«COUNTY» «FORM» Chair

ATTEST:

By: _____
«CLERK», «COUNTY»

REVIEWED AND FOUND TO BE IN PROPER FORM AND COMPLIANCE
WITH APPLICABLE LAW.

By: _____
«ATTORNEY», «COUNTY» Attorney

Utah Counties Insurance Pool

Payments

April 19 - June 2, 2006

Type	Date	Num	Name	Memo	Split	Amount
WF-Expense						
Liability Check	4/28/2006		QuickBooks Payroll Service	Created by Payroll Service on 04/24/2006	-SPLIT-	-11,606.67
Liability Check	4/28/2006		Utah State Tax Commission	Z68319	-SPLIT-	-1,568.65
Liability Check	4/28/2006		United States Treasury	87-0495792	-SPLIT-	-3,978.30
Liability Check	4/28/2006	3384	Utah Retirement Systems	Unit No: 864 (April 2006)	-SPLIT-	-7,524.63
Liability Check	4/28/2006		Nationwide Retirement Solutions	Entity: 644013	-SPLIT-	-2,991.93
Check	4/28/2006	VISA	Wells Fargo	Account Number: 4856 2002 0646 9788	-SPLIT-	-3,374.59
Check	4/28/2006	VISA	Wells Fargo	Account Number: 4856 2002 0633 9635	-SPLIT-	-304.81
Check	4/28/2006	VISA	Wells Fargo	Account Number: 4856 2002 0646 9796	-SPLIT-	-860.75
Check	4/28/2006	VISA	Wells Fargo	Account Number: 4856 2002 0789 0792	-SPLIT-	-418.63
Check	4/28/2006	3385	PEHP-LTD	Coverage Period: April 2005	Staff Medical Insurance	-197.01
Paycheck	4/30/2006		Brody S. Parker	Direct Deposit	-SPLIT-	0.00
Paycheck	4/30/2006		Charmaine G. Green	Direct Deposit	-SPLIT-	0.00
Paycheck	4/30/2006		Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	4/30/2006		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	4/30/2006		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	4/30/2006		Shelley Peck	Direct Deposit	-SPLIT-	0.00
Paycheck	4/30/2006		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Check	5/1/2006	3386	Red Rock Wranglers	May 18 Performance at Bryce Canyon	Loss Control / Training	-650.00
Check	5/1/2006	3387	Positive Incentives	Invoice Numbers: 85427	Exhibiting & Sponsorship	-682.15
Check	5/1/2006	3388	Les Olson Company	Invoice Number: 0716837-IN	Office Supplies	-98.00
Check	5/1/2006	3389	Positive Incentives	Invoice Numbers: 85428	Loss Control / Training	-3,103.81
Check	5/1/2006	3390	Fastsigns of Murray	Invoice Number: 102-72855	-SPLIT-	-167.50
Check	5/1/2006	3391	Verizon Wireless	Invoice Number: 2034764765	Telephone	-65.64
Check	5/1/2006	3393	Sonya J. White	Reimbursable Expenses	-SPLIT-	-281.22
Check	5/1/2006	3394	Charmaine G. Green	Reimbursable Expenses	Staff Expenses	-36.49
Check	5/1/2006	3395	Korby M. Siggard	Expense Reimbursement	Staff Expenses	-30.26
Check	5/1/2006	3396	Revco Leasing Company, LLC	Invoice Number: 119674	Copying Costs	-270.00
Check	5/1/2006	3397	Marvellous Catering, LLC	April 18 Event	-SPLIT-	-979.70
Check	5/1/2006	3398	Lindberg & Company		-SPLIT-	-683.00
Check	5/1/2006	3399	Dan McConkie	Mileage Reimbursement	Board Expense	-58.74
Check	5/1/2006	3400	Steve Baker	Mileage Reimbursement	Board Expense	-58.74
Check	5/1/2006	3401	James Eardley	Mileage Reimbursement	Board Expense	-229.62
Check	5/1/2006	3402	Ira Hatch	Mileage Reimbursement	Board Expense	-91.23
Check	5/1/2006	3403	Kay Blackwell	Mileage Reimbursement	Board Expense	-133.50
Check	5/1/2006	3404	Gene Roundy	Mileage Reimbursement	Board Expense	-183.34
Check	5/1/2006	3405	Karla Johnson	Expense Reimbursement	Board Expense	-231.40
Check	5/1/2006	3406	Lynn Lemon	Mileage Reimbursement	Board Expense	-112.14
Check	5/1/2006	3407	Steven Wall	Mileage Reimbursement	Board Expense	-106.80
Check	5/1/2006	3408	Marsh USA Risk & Insurance Services	Invoice Number: 328115	Airport Liability	-10,642.00
Check	5/1/2006	3409	Office Depot	Account Number: 35538769	-SPLIT-	-823.06
Check	5/1/2006	3410	Lester J. Nixon	Reimbursable Expenses	-SPLIT-	-408.65
Check	5/1/2006	3411	Utah Assessors Association	Lunch Sponsorship	Exhibiting & Sponsorship	-500.00
Check	5/1/2006	3412	Kent Sundberg	Expense Reimbursement	-SPLIT-	-847.58
Liability Check	5/1/2006	3413	Utah Counties Insurance Pool	VOID: May Employee Benefits	-SPLIT-	0.00
Liability Check	5/1/2006	3392	Utah Counties Insurance Pool	VOID: May Employee Benefits	-SPLIT-	0.00
Liability Check	5/1/2006	3414	Utah Counties Insurance Pool	May Employee Benefits	-SPLIT-	-6,547.44
Check	5/8/2006	3415	Henriksen/Butler	Sales Agreement Deposit: 107109	Debt Service	-788.00
Check	5/8/2006	3416	Quinn McKay	Personnel Workshop Speaker Reimbursement	-SPLIT-	-1,257.21
Check	5/8/2006	3417	Brenda Nelson	Personnel Workshop Speaker Reimbursement	Loss Control / Training	-229.62
Check	5/8/2006	3418	Utah State Tax Commission	License #: 613VCS	Automobile Expense	-28.00
Check	5/8/2006	3419	Kent Sundberg	Expense Reimbursement	Board Expense	-308.60
Check	5/8/2006	3420	Positive Incentives	Invoice Numbers: 85441	Exhibiting & Sponsorship	-229.42
Check	5/8/2006	3421	Larson & Company	Invoice Number: 17604	Accounting	-2,787.70
Check	5/8/2006	3422	Henriksen/Butler	Invoice Number: 89133	Debt Service	-13,630.43
Check	5/8/2006	3423	Clinton Partners, LLC	Commercial Lease, 6900 South 900 East, Suite 230, ...	-SPLIT-	-11,589.43
Check	5/8/2006	3424	Kay Blackwell	Expense Reimbursement	-SPLIT-	-1,165.49
Check	5/8/2006	3425	Agile Studios	Invoice Number: 2006033	Information Technology	-375.00
Check	5/8/2006	3426	Verizon Wireless	Invoice Number: 1952401728	Telephone	-41.20
Liability Check	5/12/2006		QuickBooks Payroll Service	Created by Payroll Service on 05/09/2006	-SPLIT-	-11,789.99
Paycheck	5/15/2006		Brody S. Parker	Direct Deposit	-SPLIT-	0.00
Paycheck	5/15/2006		Charmaine G. Green	Direct Deposit	-SPLIT-	0.00
Paycheck	5/15/2006		Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	5/15/2006		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	5/15/2006		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	5/15/2006		Shelley Peck	Direct Deposit	-SPLIT-	0.00
Paycheck	5/15/2006		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Liability Check	5/15/2006		United States Treasury	87-0495792	-SPLIT-	-3,981.24
Liability Check	5/24/2006		United States Treasury	87-0495792	-SPLIT-	-4,030.34
Liability Check	5/24/2006		Nationwide Retirement Solutions	Entity: 644013	-SPLIT-	-3,009.20
Liability Check	5/30/2006		QuickBooks Payroll Service	Created by Payroll Service on 05/24/2006	-SPLIT-	-11,730.41
Check	5/30/2006	VISA	Wells Fargo	Account Number: 4856 2002 0646 9796	-SPLIT-	-594.10
Check	5/30/2006	VISA	Wells Fargo	Account Number: 4856 2002 0646 9788	-SPLIT-	-3,845.55
Check	5/30/2006	VISA	Wells Fargo	Account Number: 4856 2002 0789 0792	-SPLIT-	-657.49
Paycheck	5/31/2006		Brody S. Parker	Direct Deposit	-SPLIT-	0.00
Paycheck	5/31/2006		Charmaine G. Green	Direct Deposit	-SPLIT-	0.00
Paycheck	5/31/2006		Korby M. Siggard	Direct Deposit	-SPLIT-	0.00
Paycheck	5/31/2006		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	5/31/2006		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	5/31/2006		Shelley Peck	Direct Deposit	-SPLIT-	0.00
Paycheck	5/31/2006		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Liability Check	5/31/2006		Utah State Tax Commission	Z68319	-SPLIT-	-1,594.76
Liability Check	5/31/2006	3427	Utah Retirement Systems	Unit No: 864 (May 2006)	-SPLIT-	-7,603.48
Check	5/31/2006	3428	PEHP-LTD	Coverage Period: May 2006	Staff Medical Insurance	-199.42
Check	5/31/2006	3429	Thompson Publishing Group, Inc.	Account Number: 5545124	Dues / Subscriptions	-418.50
Check	5/31/2006	3430	Ken Bischoff	Expense Reimbursement	-SPLIT-	-754.76
Check	5/31/2006	3431	TCNS, Inc.	Invoice Number: 2380	-SPLIT-	-1,165.00
Check	5/31/2006	3432	Revco Leasing Company, LLC	Invoice Number: 121960	Copying Costs	-270.00
Check	5/31/2006	3433	Schwaab, Inc.	Invoice Number: 311075	Office Supplies	-35.98
Check	5/31/2006	3434	Korby M. Siggard	Expense Reimbursement	-SPLIT-	-295.85
Check	5/31/2006	3435	Professional Binding Products, Inc.	Invoice Number: PS10078384	Office Supplies	-70.24
Check	5/31/2006	3436	SHRM	Order Number: 9000658362	-SPLIT-	-160.00
Check	5/31/2006	3437	Professional Binding Products, Inc.	Invoice Number: PS10078267	Office Supplies	-85.70
Check	5/31/2006	3438	Print2day	Invoice Numbers: 626474	Printing	-191.69
Check	5/31/2006	3439	Qwest	Account Number: 801-565-8500 170B	Telephone	-454.65

Utah Counties Insurance Pool

Payments

April 19 - June 2, 2006

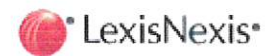
Type	Date	Num	Name	Memo	Split	Amount
Check	5/31/2006	3440	Verizon Wireless	Invoice Number: 2038214336	Telephone	-38.92
Check	5/31/2006	3441	Verizon Wireless	Invoice Number: 2037928462	Telephone	-121.59
Check	5/31/2006	3442	Utah Narcotic Officers Assoc.	Invoice Number: 102	Exhibiting & Sponsorship	-500.00
Check	5/31/2006	3443	Office Depot	Account Number: 35538769	-SPLIT-	-237.93
Check	5/31/2006	3444	Verizon Wireless	Invoice Number: 2042535277	Telephone	-65.66
Check	5/31/2006	3445	Brody S. Parker	Expense Reimbursement	-SPLIT-	-2.59
Check	5/31/2006	3446	State of Utah Mail	Invoice Number: 0077378	Debt Service	-56.70
Check	5/31/2006	3447	Lester J. Nixon	Reimbursable Expenses	-SPLIT-	-541.58
Check	5/31/2006	3448	Office Depot	Account Number: 35538769	-SPLIT-	-628.75
Check	5/31/2006	3449	Thompson Publishing Group, Inc.	Account Number: 5545124	Dues / Subscriptions	-398.50
Check	5/31/2006	3451	Best Western Ruby's Inn	Invoice Reference Number: RBY-GF5806/A	-SPLIT-	-6,761.36
Check	5/31/2006	3452	Utah Safety Council	Invoice Number: 02196	-SPLIT-	-325.80
Check	5/31/2006	3453	Positive Incentives	Invoice Numbers: 85454	Board Expense	-858.56
Check	6/1/2006	3450	Clinton Partners, LLC	Commercial Lease, 6900 South 900 East, Suite 230, ...	Building Lease	-5,653.38
Total WF-Expense						-162,407.75
WF-Work Comp Expense						
Check	5/1/2006	130	Alternative Service Concepts, LLC	Invoice Number: 0010501-IN	Third Party Administrator ...	-10,568.10
Check	5/1/2006	131	Pfeiffer Consulting Group, LLP	Invoice Number: 2006-5	Consultant WC	-1,500.00
Check	5/24/2006	132	Alternative Service Concepts, LLC	Invoice Number: 0010543-IN	Third Party Administrator ...	-10,930.42
Check	6/1/2006	133	Pfeiffer Consulting Group, LLP	Invoice Number: 2006-6	Consultant WC	-1,500.00
Total WF-Work Comp Expense						-24,498.52
TOTAL						-186,906.27



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Editor's Comments: Risk management /
 Pandemic / Sky is falling but maybe not until
 next year :-)

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[Companies Need a More Global, Holistic Approach to Prepare for Potential Avian Flu Epidemic, Says Report From The Conference Board](#)

NEW YORK May 30

Research &

Information

NEW YORK, May 30 /PRNewswire/ -- An avian flu pandemic, which would unleash disaster across many areas of the world, requires global, holistic planning by companies, according to a new report from The Conference Board, the global research and business membership organization which is celebrating its 90th anniversary this year.

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Companies failing to create detailed crisis management and business continuity plans are likely to find themselves at peril.

The avian flu virus, which has spread rapidly in wild-bird and fowl populations through Asia, Europe and Africa, has killed about half the people who have contracted the virus from birds. While the timing and severity of a worldwide pandemic are difficult to predict, the report warns that "to gamble that it won't happen or its impact will be minimal could prove catastrophic for businesses."



Responding to a flu pandemic requires a different kind of business response than natural disasters and other crises. "Unlike most business continuity planning efforts, coping with a pandemic requires a more holistic response," says Ellen Hexter, Director of The Conference Board Integrated **Risk Management** Program and author of the report. "Most crisis management and business continuity plans are built on the expectation of loss of infrastructure or data, for example. An avian flu pandemic would be nearly the opposite, impacting the workforce in one's own company and throughout the supply chain."

The H5N1 avian flu virus first infected humans in 1997 in Hong Kong. Since then, it has spread via the bird population throughout Asia and into parts of Europe and Africa. Humans have contracted the disease primarily through improper handling of infected birds.

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MANAGING A POTENTIAL DISASTER

Pandemic crisis management requires a range of tools, from scenario planning to creating global, company-wide strategies to deal with potential disasters. The creation of crisis management and business continuity planning can help transform risk mitigation strategies into business processes to manage extraordinary events.

The development of risk mitigation plans are transferable to other **risk management** areas and functions. Because a real pandemic would likely cause high employee absenteeism and damage a company's ability to produce goods or services, an avian flu pandemic would have a global rather than a single-area impact.

BALANCING HUMAN NEEDS WITH CORPORATE NEEDS

The threat of a severe pandemic has driven many companies to develop detailed crisis management and business continuity plans. While first tending to the human needs of employees, their families and others, companies are now developing plans to deal with periodic and extended business interruptions.

"At the very least, companies ought to consider how to continue when work practices must be altered to reflect the reality of a changed environment," says Hexter. "Meetings, travel, and even office environments can spread infection through an extensive population. Because of this, companies can play major roles in containing the spread of the virus if they plan adequately."

For example, in October 2005, the Netherlands-based global bank ABN Amro set up a task force to plan company-wide strategy to deal with a potential flu crisis. It created plans to educate all employees about symptoms and appropriate responses; made the decision to not purchase anti-viral medication as a matter of principle; and emphasized ethical considerations of stockpiling drugs in light of their current scarcity. The group also recommended setting up a task force team in each country where the company operates to monitor the health environment.

After considering human needs, managers must face the challenge of assessing risks to the continued health of their businesses. Identifying key people and processes is necessary to sustain business in the face of a pandemic. Many companies are choosing to run scenarios of how to get work done with 20 percent to 30 percent of their workforce incapacitated and even greater losses of workers in certain areas.

One global hotel chain is considering closing its properties in locations where the virus has spread. Other companies are considering shutting down non-critical processes or producing only key products. Roche has determined that it will attempt to continue to produce its anti-viral medication along with other life-saving medications.

ENTIRE SUPPLY CHAINS MIGHT BE THREATENED

"The interconnectedness of the global economy suggests that a business slowdown in one sector is likely to have an impact across many sectors," says Hexter. "If travel comes to a standstill, airlines, hotels, restaurants, and convention businesses will start a ripple effect though local economies. Some companies may be hard pressed to make lease payments to their lenders, and financial institutions could face liquidity problems. Companies must consider the impact not only on their business, but on their entire supply chain."

A GLOBAL CASH SQUEEZE AND LIQUIDITY CRISIS?

When developing scenarios and possible mitigation plans, companies must think about extra costs, loss of production or service delivery capabilities, and impacts to their cash flow and income. Companies are likely to continue to pay people as long as they are able—even when not producing or selling goods—contributing to a potentially significant cash squeeze and possibly a global liquidity crisis.

"Realistically, companies are unable to mitigate every potential risk because the costs are simply too high," says Hexter. "But understanding the possible implications is important, and building

enough financial flexibility in the form of additional liquid assets or access to increased lines of credit can cushion a temporary disruption of a normal business environment."

Employee engagement is important when developing action plans. Besides ethical concerns, companies need to consider a vast range of issues, from increased security for IT systems, to supporting those working from home, to designing communications plans and back-up alternatives for employees and their families. Companies also must engage their suppliers and customers to ensure the viability of their supply chains, particularly for critical goods and services.

Human resources functions must remain intact in the event of an avian flu pandemic. Policies for continuing to pay employees, for adequate sick leave, and for when infected employees can return to work all need to be considered.

Establishing teams and plans to develop educational materials and policies for a potential pandemic is a way to help ensure the continuity of a business. The first line of communications may be to point employees looking for information to the World Health Organization's website. Local emergency management teams should be the communications conduit to employees in specific areas. Protocols for interfacing with local health officials to accurately track infection and offer guidance should be developed.

"This kind of business continuity planning effort will lay the foundation for companies to begin thinking about expanding these policies into enterprise **risk management**," concludes Hexter.

For more information on avian flu preparedness visit: http://www.conference-board.org/knowledge/resources/resource_avianFlu.cfm

About The Conference Board

Non-partisan and not-for-profit, The Conference Board is one of the world's leading business membership and research organizations. The Conference Board produces The Consumer Confidence Index and the Leading Economic Indicators for the U.S. and other major nations. These barometers can have a major impact on the financial markets. The Conference Board also produces a wide range of authoritative reports on corporate governance and ethics, human resources and diversity, executive compensation and corporate citizenship. Our conference and council programs bring together more than 12,000 senior executives each year to share insights and learn from each other. Visit The Conference Board website at <http://www.conference-board.org/>.

Source: Is Avian Flu The Next Y2K? Can We Afford to Think So?

Executive Action Report #188, The Conference Board

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Web site: <http://www.conference-board.org/>

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May 30, 2006

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